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PROGRAMME PLANNING

Country and intercountry programmes and projects

# FOURTH COUNTRY PROGRAMME FOR INDONESIA

Note by the Administrator

## I. THE PROGRAMMING PROCESS

1. Extensive consultations between the Government of Indonesia and the United Nations Development Programme (UNDP) preceded the preparation of the fourth country programme for the period 1991-1994 (DP/CP/INS/4). Sectoral review missions were also fielded during 1988-1990 by the United Nations agencies, which looked into Government priorities and recommended areas of UNDP technical assistance, bearing in mind its comparative advantages. These recommendations were considered by inter-ministerial meetings participated in by high-level Government officials from sectoral ministries and representatives of multilateral and bilateral donors.

2. Results of annual reviews, the mid-term review and the assessment of the third country programme also provided valuable inputs in the formulation of the fourth programme. This experience highlighted the need to improve qualitatively the structure, design and focus of programmes and projects, further develop linkages between projects within and across sectors, ensure adequate counterpart support, expand the use of national execution, and increase the use of national and regional resources in the form of short-term experts and subcontracting arrangements. All relevant findings and recommendations were reflected in the UNDP Advisory Note transmitted by the Resident Representative to the Government of Indonesia in June 1990.

3. The objectives, strategies and priorities of the fourth country programme were determined by the Government taking into account the main contents of the Advisory

Note. The period of the programme was also made to coincide with Indonesia's Fifth Five-Year Plan (REPELITA V) time-frame, which covers the period April 1989 to March 1994.

## II. THE FOURTH COUNTRY PROGRAMME

4. Since the first country programme started in 1972 in Indonesia, the UNDP programme has evolved to meet the changing needs for technical assistance. The initial programme focused on agriculture, civil aviation, tourism and development of eastern Indonesia. As the country enjoyed a period of high revenue and sustained economic growth in the late 1970s, the second country programme emphasized human resources development and institution-building. Poverty alleviation was also pursued by UNDP to support the Government's policy towards more equitable sharing of development benefits.

5. The third country programme retained the overall direction of the second programme with human resources development being the primary focus. However, in 1985-1986, soon after the start of the third programme, Indonesia's economic circumstances changed significantly as a result of the collapse of oil and gas prices and the sharp decline of other export commodity prices. The Government's response was, however, quick and decisive: it effectively implemented a far-reaching programme of economic reform and structural adjustment.

6. The reorientation of the Government's policy resulted in a revision of the third country programme in 1986 to shift its focus to export-oriented, non-oil and gas production activities while supporting basic needs. That programme remained relevant to the Government's priorities and promoted revenue generation, employment creation and entrepreneur development, as well as human development, notably in the health and education sectors.

7. The fourth country programme seeks to build on the progress made in the third programme. Specifically, the five primary objectives established for the fourth programme are: poverty alleviation; strengthening the economic base of the nation; socio-economic and physical infrastructure development; environmental protection and management of natural resources; and management development. These objectives have been drawn up to support REPELITA V, which emphasizes high and sustained growth combined with deliberate efforts to overcome income and regional disparities and ensure greater access of the weaker sections of the society to employment, health, education, housing and other basic services. To achieve these five objectives, the Government has identified 11 multi-sectoral programmes which correspond to the priorities of the sectoral programmes in REPELITA V and where UNDP has distinct comparative advantages.

8. Poverty alleviation is a major concern of the fourth country programme. It is central to the improvement of the country's standard of living and the maintenance of the nation's stability through a more equitable distribution of the benefits of economic growth. It is also the dominant objective for human development in Indonesia. Four of the 11 multi-sectoral programmes identified for the fourth country programme focus squarely on reduction of poverty and improving the quality

of life. These are: technical support in the provision of basic needs; employment creation; promotion of income potential; and entrepreneurship and skills development.

9. Closely related to poverty alleviation is the strengthening of the nation's economic base. This can be accomplished by building a more solid economic foundation through improved technology, economic diversification and mutually reinforcing intersectoral activities. At a time when the country is undergoing structural transformation from inward to outward orientation, assistance in the trade, industry, banking and tourism sectors under the fourth country programme will be of crucial catalytic value. The two programme areas relevant to this objective focus on promotion of non-oil exports and technology development.

10. Indonesia is among a number of developing countries at the forefront in addressing environmental issues. The need for environmental management and protection is increasingly becoming an integral part of the development process. This is reflected in the fourth country programme, particularly with respect to programmes dealing with environmental monitoring and protection and the utilization of pro-active environment-sensitive technologies in pursuing sustainable growth strategies.

11. Infrastructural development is another key area for Indonesia because of its size, dispersed land and population diversity. The fourth country programme will assist in the planning and implementation of infrastructure development as well as in the provision and transfer of skills and technology to facilitate such development.

12. Finally, in the context of management of development, the fourth country programme will play a major role in reorienting the public sector towards greater efficiency and productivity, in implementing macro-economic and sectoral policies to stimulate private sector activities, and in enhancing people's participation in the planning and implementation of development activities. Three of the programmes under the fourth country programme focus on this development objective: public sector efficiency, social and community participation and regional development. Social and community development programmes will promote the active participation of all segments of the population, including the private sector, local communities, non-governmental organizations and co-operatives, in the development process. Regional development addresses issues of spatial disparities, especially in the eastern regions of the country and between rural/urban areas.

13. It is clear that the fourth country programme is consistent with the programme areas advocated by the Governing Council in decision 90/34 of 23 June 1990. Taking into account the comparative strengths of UNDP, the Government has defined the type of activities to be supported in the fourth programme as follows: (a) development of programme strategies; (b) policy studies; (c) pre-investment activities; (d) pilot and demonstration activities; and (e) capacity/institution-building. During the implementation of the programme, the full involvement of women as experts, participants and beneficiaries will be actively promoted. The programme will consist of a smaller number of programme-oriented, large-scale projects which should serve to increase the impact of the programme.

## III. MANAGEMENT OF COUNTRY PROGRAMME IMPLEMENTATION

14. The fourth country programme will be subject to intensive reviews annually and at mid-point in order to reassess the priorities of the programme as a whole and of its constituent projects in relation to the prevailing economic situation. Any necessary adjustments will be introduced to reflect the evolving priorities and needs of the Government.

15. The programme is also premised on the assumption that UNDP support is intended to enhance Indonesia's national capability to manage its own development. The use of the national execution modality will therefore be increased. At the same time UNDP will also strengthen the Government's capacity to manage, monitor, evaluate and audit the technical assistance activities. United Nations agencies will continue to be involved, under appropriate arrangements, in aspects of programme implementation or in different stages of the project cycle. Increased use will be made of national resources in programme implementation through national experts, national subcontracts and equipment.

16. In availing itself of UNDP assistance, the Government commits itself, to the extent appropriate, to pursuing the programme approach and to making the fourth country programme a more integral part of Indonesia's development process. Efforts will be made to build conceptual and operational linkages between projects. This will make the programme more internally consistent and coherent and will give the country programme greater focus. Increased use will be made of the United Nations Volunteers programme, and opportunities for Technical Co-operation among Developing Countries will be explored in all programme designs. All these features are consistent with the relevant Governing Council decisions and General Assembly resolutions.

## IV. RECOMMENDATION OF THE ADMINISTRATOR

17. The fourth country programme addresses the most critical development issues facing Indonesia. Its objectives are in line with the Government's development plan and consistent with the priorities recommended by the Governing Council. The types of activities to be pursued fall within UNDP's comparative advantages and are designed to produce long-lasting impacts on the country's development process.

18. The Administrator therefore recommends that the Governing Council approve the fourth country programme for Indonesia.

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